

**Amendments to the Specification:**

Please replace paragraph [0011] with the following:

[0011] Fig. 13 is an elevational view showing a prior art onshore well 1300 using mud cap drilling. A mud cap 1330 is placed in the annulus 1350 surrounding the drill pipe 1320, capping the return flow from the borehole 1360 upwards through the annulus 1350. ~~cuttings~~ Cuttings and debris are shown extending outward from the borehole into a lost circulation area 1340. This mud cap drilling technique is well known for onshore wells and offshore fixed wells, but has been unavailable for offshore floating rigs because of the inability to handle the vertical and horizontal movements of the floating rig structure relative to the annulus, while sealing the top of the riser.

Please replace paragraph [0035] with the following:

[0035] As illustrated in Fig. 14, conduits 30 and 32 remain connected to the RCH 10 at the seal housing 20, just as in Fig. 2. However, instead of the conduit 30 communicating drilling fluid from the seal housing 20 to a fluid receiving device, the conduit 30 now communicates mud cap fluid from the mud pump MP into the seal housing, placing a pressurized mud cap 1330 into the annulus of the riser R above a theft zone 1340. As with conventional onshore mud cap drilling, the mud cap fluid will flow to the downhole area to form the mud cap 1330 above the borehole 1360, allowing debris and cuttings to flow into the theft zone 1340, instead of being circulated up the annulus as in a non-PMCD mud return. The annulus of riser R surrounding the rotatable tubular above the ~~mud cap~~ mud cap 1330 can be pressurized by additional drilling fluids introduced via the conduit 30. As in Fig. 2, conduit 32 may discharge into the atmosphere or may discharge to a choke manifold CM or directly to a separator MB or shale shaker SS. Conduit 32 may also communicate mud cap fluid from a mud pump into the seal housing. As with the system illustrated in Fig. 2, the flexible conduit 30 allows the system to compensate for vertical and horizontal movement of the floating structure S relative to the RCH 10 and riser R, allowing use of PMCD and reverse circulation techniques previously available only to non-floating structures. In PMCD drilling, well bore pressure management is typically achieved by pump rates, with drilling fluid pumped into the drill string as well as mud cap pumps down the

annulus via the flexible conduit 30. However, other well bore pressure management techniques can be used.

Please replace paragraph [0039] with the following:

[0039] The foregoing disclosure and description of the invention are illustrative and explanatory thereof, and various changes in the details of the illustrated apparatus and construction and [[The]] the method of operation may be made without departing from the spirit of the invention.